

## **September 2002 Highlights**

The homebuilding industry accounted for 55.3 percent of the \$867.4 million in estimated construction costs authorized by building permits in September; 521 municipalities reported. Paramus Borough in Bergen County had the most work with \$53.5 million. Most of this was for a new IKEA furniture and houseware store. Ocean City, Cape May County and Howell Township, Monmouth County had the second and third highest monthly totals with \$24.8 million and \$22.0 million, respectively. New schools accounted for most of the activity in both communities.

Teaneck Township in Bergen County had \$15.3 million in construction. A new college dormitory accounted for \$9.5 million. Atlantic City in Atlantic County had just under \$15 million of construction for the month. Most of this was from work on two new hotels and a new, 106-unit senior-citizen apartment building. Brick Township in Ocean County, Egg Harbor Township in Atlantic County, and the City of Newark in Essex County each had just under \$12 million of construction in September. Most of the activity in Brick was for new school construction and additions to existing schools. Egg Harbor reported a \$5-million alteration to an existing office building and 64 new houses, ranking eighth among all localities for the month. New houses also accounted for most of the work in Newark. The City issued permits for 66 new dwellings, ranking seventh among all municipalities. Since January, Newark's construction office has issued permits for a total of 890 new dwellings. This is top among all localities for the nine-month period.

Construction activity in September was about 1.1 percent below last month's level and 8.7 percent higher than the amount reported this time last year. A total of 2,679 new houses were authorized for construction. This was 15.8 percent more than last month, and 18.9 percent more than the 2,254 units authorized by building permits in September 2001.

### **Year to Date**

The amount of new retail space under construction is up by 14.4 percent compared to this time last year and appears to be on a record pace compared to recent years. All other major indicators, however, lag behind levels set in recent years. The estimated cost of work authorized by building permits is \$342.7 million below the amount reported between January and September 2001. This is a decline of 3.8 percent. New houses are down by only 68 units compared to last year, but the amount of new office space is nearly half of what was reported for the first nine months of 2001. Last year saw a record level of office construction, particularly in Jersey City, Hudson County, which by the end of the year had issued building permits for 4.1 million square feet of new office space.

| <b>Major Construction Indicators, New Jersey: Nine-Month Comparison</b> |                                       |                                 |  |  |
|---|---------------------------------------|---------------------------------|--|--|
| <b>Period</b>   | <b>Estimated Cost of Construction</b> | <b>Authorized Housing Units</b> | <b>Authorized Office Space (square feet)</b> | <b>Authorized Retail Space (square feet)</b> |
| January–September 1997  | \$6,035,067,039                       | 20,715                          | 8,576,567                                    | 4,007,958                                    |
| January–September 1998  | \$6,678,258,864                       | 24,609                          | 8,647,701                                    | 5,745,808                                    |
| January–September 1999  | \$7,914,223,933                       | 27,654                          | 9,297,792                                    | 5,115,191                                    |
| January–September 2000  | \$7,903,432,878                       | 26,486                          | 9,917,532                                    | 3,838,654                                    |
| January–September 2001  | \$9,342,508,663                       | 25,419                          | 15,411,962                                   | 5,382,939                                    |
| January–September 2002  | \$8,999,773,233                       | 25,351                          | 7,727,817                                    | 6,286,676                                    |
| <i>Difference Between 2001 and 2002</i>                                 |                                       |                                 |  |  |
| 2001-2002   | -\$342,735,430                        | -68                             | -7,684,145                                   | 903,737                                      |
| Percent Change  | -3.8%                                 | -0.3%                           | -99.4%                                       | 14.4%  |
| Source: N.J. Department of Community Affairs, 11/8/02                   |                                       |                                 |  |  |

### **New House Prices**

Over 4,800 new houses were completed and began enrollment in a new home warranty program in the third quarter of 2002. The median sales price of these houses was \$278,500. This was 3.2 percent more than the median price of the homes that began enrollment in April, May, and June 2002. Somerset County had the most expensive new houses. Half of the 196 new dwellings that started enrollment cost more than \$467,087.

| <b>New House Prices</b>                              |                             |                           |                                      |
|--|-----------------------------|---------------------------|--------------------------------------|
| <b>Period</b>  | <b>Number of New Houses</b> | <b>Median Sales Price</b> | <b>Percent Change in Sales Price</b> |
| 1996   | 20,903                      | \$183,300                 |                                      |
| 1997   | 21,640                      | \$190,000                 | 3.7%                                 |
| 1998   | 23,884                      | \$209,980                 | 10.5%                                |
| 1999   | 24,479                      | \$224,496                 | 6.9%                                 |
| 2000   | 25,058                      | \$231,728                 | 3.2%                                 |
| 2001   | 23,272                      | \$253,670                 | 9.5%                                 |
| 1 <sup>st</sup> Quarter 2002                         | 4,632                       | \$251,056                 |                                      |
| 2 <sup>nd</sup> Quarter 2002                         | 5,361                       | \$269,900                 | 7.5%                                 |
| 3 <sup>rd</sup> Quarter 2002                         | 4,831                       | \$278,500                 | 3.2%                                 |
| Source: N.J. Department of Community Affairs, 8/8/02 |                             |                           |                                      |

In Hunterdon and Bergen Counties, the median sales prices of a new house that was completed and started enrollment in a new home warranty program during the third quarter of 2002 were \$450,000 and \$443,500, respectively.